

Fiscal Year 2026 (ending March 31, 2027) First Quarter Financial Results

August 6, 2026

Brother Industries, Ltd.

Akira Nakashima

Executive Officer, Responsible for Finance & Accounting Dept.

Information on this report, other than historical facts, refers to future prospects and performance, and has been prepared by our Management on the basis of information available at the time of the announcement. This covers various risks, including, but not limited to, economic conditions, customer demand, foreign currency exchange rates, tax rules, regulation and other factors. As a result, actual future performance may differ from any forecasts contained on this report.

Results for FY2026 Q1(Apr.-Jun.)

Both sales revenue and profit at all levels reached record highs for the first quarter.

Sales revenue **253.3 billion yen/ +23.0%** (YoY)

- Sales revenue increased significantly due to strong performance of machine tools in the P&S and Machinery businesses, the consolidation of MUTOH in the IP business, and positive FX effects.

Business segment profit **54.7 billion yen/ +195.4%** (YoY)

- Most of the U.S. additional tariffs were refunded, which boosted profits.
- Business segment profit increased significantly due to effects of price adjustments in the P&S business, higher gross profit driven by increased sales of consumables, and higher sales revenue from machine tools in the Machinery business, combined with positive FX effects.

Operating profit **54.6 billion yen/ +250.1%** (YoY)

Net income* **49.9 billion yen/ +325.8%** (YoY)

- Net income increased significantly, partly due to gains from the sale of a portion of XING shares as part of discontinued operations.

* Net income attributable to owners of the parent company

Forecast for FY2026

The forecasts for both sales revenue and profit were revised upward.

Sales revenue

- Reflects part of the higher-than-expected results for the first quarter.
- Although production constraints due to the situation in the Middle East were factored in for the IP business at the beginning of the fiscal year, we expect an increase in sales volume, as the impact is currently limited.
- Positive FX effects resulting from revising the forecast exchange rate to a weaker yen have been factored in.

Business segment profit and subsequent profit levels

- Reflects part of the higher-than-expected results for the first quarter. In addition, we have updated our risk assessment, including the situation in the Middle East and the significant rise in parts and materials prices, which were anticipated at the beginning of the fiscal year, and incorporated these changes into our forecast.

As of the third quarter of FY2025, the N&C (Network & Contents) business has been classified as discontinued operations. The figures from sales revenue to income before tax are the amounts excluding discontinued operations, and the figure for net income attributable to owners of the parent company is the total amount of continuing operations and discontinued operations. Figures for the same period of the previous fiscal year have been reclassified on the same basis for comparison.

Results for FY2026 Q1 (Apr.-Jun.)

As of the third quarter of FY2025, the N&C (Network & Contents) business has been classified as discontinued operations. The figures for sales revenue through income before tax exclude discontinued operations, and the figure for net income attributable to owners of the parent company is the total amount of continuing operations and discontinued operations. In the following slides, the results for the same period of the previous fiscal year under the same conditions are restated for comparison purposes.

Consolidated Results for FY2026 Q1

Both sales revenue and profits at all levels reached record highs for the first quarter. Business segment profit saw a significant increase as most of the U.S. additional tariffs were refunded in the first quarter, and net income also rose substantially due to the gain on the sale of a portion of XING shares.

(100 Millions of yen)

	25Q1 Post-Reclass	26Q1	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	2,060	2,533	474 (239)	23.0% (11.6%)
Business segment profit	185	547	362 (274)	195.4% (147.9%)
Business segment profit ratio	9.0%	21.6%		
Other income/expense	-29	-1	28	-
Operating profit	156	546	390	250.1%
Operating profit ratio	7.6%	21.6%		
Income before tax	166	568	401	241.3%
Net income from continuing operations	115	416	301	262.1%
Net income from discontinued operations	2	83	80	3305.1%
Net income attributable to owners of the parent company	117	499	382	325.8%
USD	145.19	160.51	15.32	-
EUR	164.37	185.45	21.08	-

• Refund of U.S. additional tariffs: +141

• Related to the sale of a portion of XING shares: + 83

Results for FY2026 Q1 by Business Segment

(100 Millions of yen)

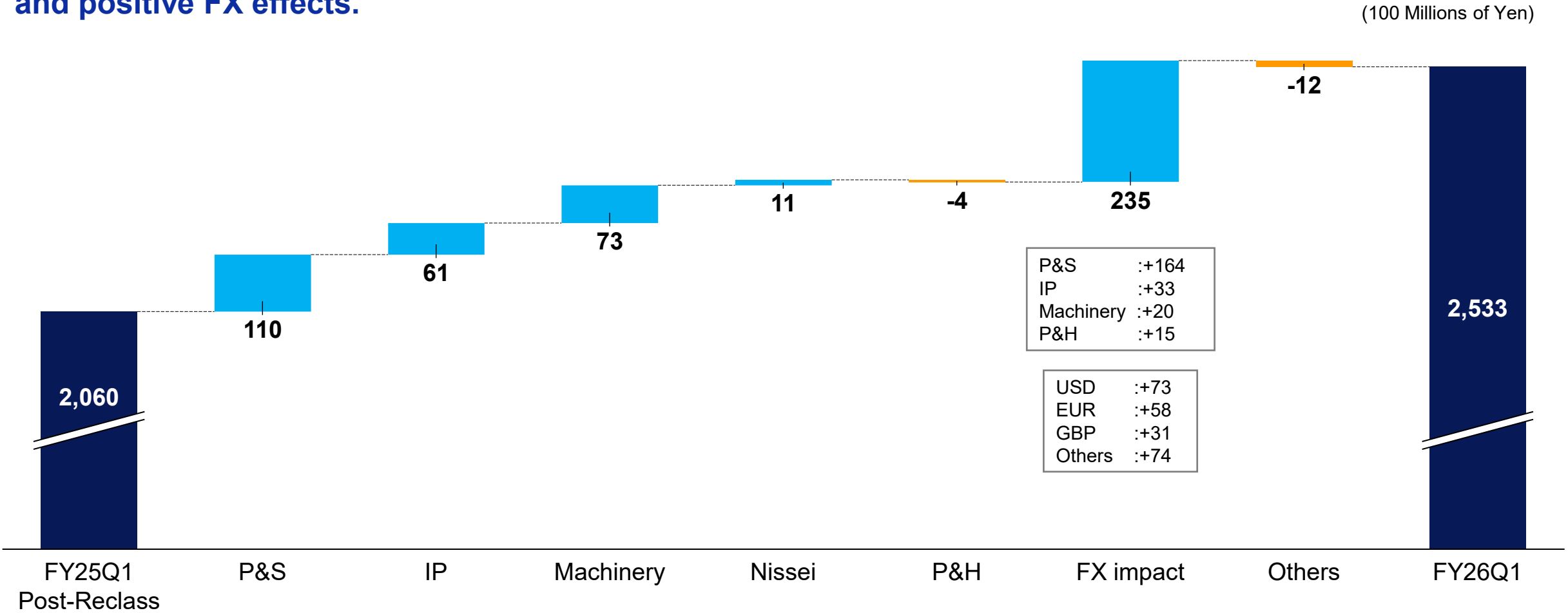
	Sales revenue				Business segment profit				Operating profit		
	25Q1 Post-Reclass	26Q1	Change		25Q1 Post-Reclass	26Q1	Change		25Q1 Post-Reclass	26Q1	Change
P&S (Printing & Solutions)	1,323	1,597	274		152	434	282		128	432	305
IP (Industrial Printing)	323	417	94		9	32	23		6	28	22
Machinery	181	274	93		13	44	31		14	46	32
Nissei	50	63	13		2	9	7		2	9	7
P&H (Personal & Home)	133	144	11		9	27	18		6	27	21
Other	50	38	-12		0	1	1		0	3	3
Total	2,060	2,533	474		185	547	362		156	546	390

* "Other" includes elimination amounts from inter-segment transactions.

FY2026 Q1

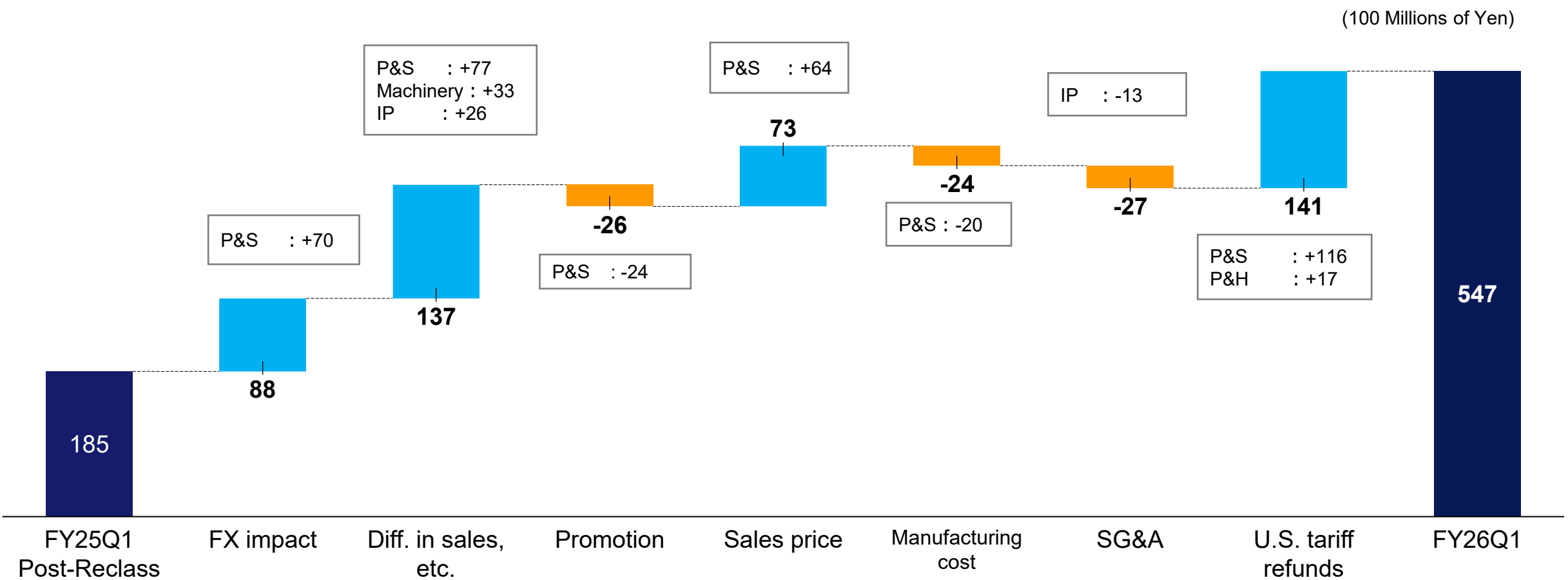
Main Factors for Changes in Sales Revenue

Sales revenue increased significantly due to strong performance of P&S Business, machine tools in the Machinery Businesses, consolidation of MUTOH as a subsidiary in the IP Business, and positive FX effects.



* Amounts of change are on a results basis excluding foreign exchange effects

Segment profit increased significantly, driven not only by the refund of U.S. additional tariffs but also by the impact of price adjustments in the P&S business, higher gross profit resulting from increased sales of consumables, higher sales revenue from machine tools in the Machinery business, and positive FX effects.



Forecast for FY2026

As of the third quarter of FY2025, the N&C (Network & Contents) business has been classified as discontinued operations. The figures from sales revenue to income before tax are the amounts excluding discontinued operations, and the figure for net income attributable to owners of the parent company is the total amount of continuing operations and discontinued operations.

Forecast for FY2026

Sales revenue and profits at all levels have been revised upward, partially reflecting the higher-than-expected results in the first quarter. In addition, we have updated our risk assessment, including the situation in the Middle East and the significant rise in parts and materials prices, which were anticipated at the beginning of the fiscal year, and incorporated these changes into our forecast.

(100 Millions of Yen)

	Previous Forecast	FY26 Forecast	Change (w/o FX)	Rate of Change (w/o FX)	FY25 Actual	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	9,100	9,800	700 (395)	7.7% (4.3%)	8,935	865 (586)	9.7% (6.6%)
Business segment profit	850	900	50 (1)	5.9% (0.2%)	836	64 (-46)	7.6% (-5.5%)
Business segment profit ratio	9.3%	9.2%			9.4%		
Other income/expense	0	0	0	-	-58	58	-
Operating profit	850	900	50	5.9%	779	121	15.6%
Operating profit ratio	9.3%	9.2%			8.7%		
Income before tax	875	945	70	8.0%	820	125	15.3%
Net income from continuing operations	640	692	52	8.1%	626	66	10.5%
Net income from discontinued operations	80	83	3	3.8%	50	33	64.8%
Net income attributable to owners of parent company	720	775	55	7.6%	676	99	14.6%
USD	150.00	157.26	7.26	-	150.97	6.29	-
EUR	180.00	182.09	2.09	-	174.54	7.55	-

● The exchange rates for the forecast period : 1 USD = 155 yen, 1 EUR = 180 yen

Preconditions for Forecast for FY2026

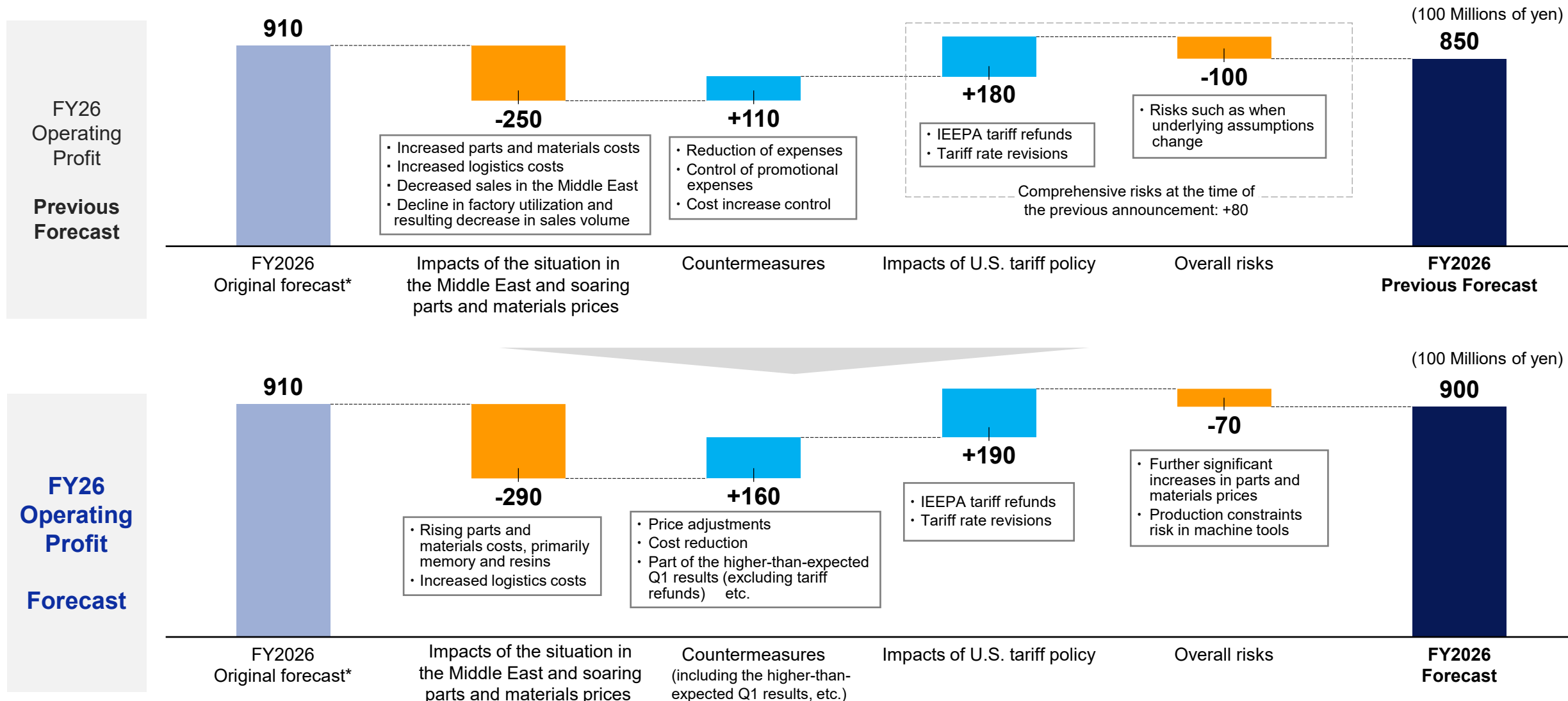
The impacts of the situation in the Middle East, a significant increase in parts and materials prices, and changes in U.S. tariff policies, have been factored into the forecasts, based on the following preconditions.
We plan to continue closely monitoring the situation, assessing impacts, and will update the forecasts for the year as necessary.

Category	Preconditions for Forecast  Positive vs. previous forecast  Negative vs. previous forecast  Flat vs. previous forecast	Profit impact (Compared to the original forecast)
Exchange rate Assumptions	1 USD = 155 yen (Change from 1 USD=150 yen), 1 EUR = 180 yen	
Impacts of the situation in the Middle East and soaring parts and materials prices	 Due to a significant increase in memory prices far exceeding expectations, parts and materials costs increase significantly.  While rising logistics costs are unavoidable, the impact is less severe than initially anticipated.  The decline in sales in the Middle East is limited.  The risk of production constraints in the P&S business due to difficulties in procuring materials is not expected to materialize, and the impact on sales volume is expected to be limited.	Approx. -29 billion yen (Previous forecast: Approx. -25 billion yen)
Countermeasures and others	 Promotional expenses will increase in line with the easing of sales promotion restrictions and higher sales volumes.  In addition to reducing expenses, additional price adjustments are incorporated.	Approx. +16 billion yen (Previous forecast: Approx. +11 billion yen)
Impacts of U.S. tariff policy	 A refund of most of the IEEPA tariffs has been recorded in the first quarter.  The burden of additional tariffs is expected to decrease.	Approx. +19 billion yen (Previous forecast: Approx. +18 billion yen)
Overall risks	 Further impacts from the Middle East situation and risks associated with additional U.S. tariffs have been reassessed.  The risk of a further significant increase in parts and materials prices among other changes has been factored in, to a certain extent.  The risk of production constraints arising for machine tools has been factored in.	Approx. -7 billion yen (Previous forecast: Approx. -10 billion yen)

Forecast for FY2026

Change in Operating Profit Comparison with the previous forecast

* The original forecast refers to the Company's internal plan as of March 2026, excluding uncertainties such as the situation in the Middle East, a significant increase in parts and materials prices, and U.S. tariff policies.



Forecast for FY2026 by Business Segment

- In the previous forecast, the refund of U.S. additional tariffs and overall risks were fully included in the profit of Other Business, but in the current forecast, tariff refunds in the first quarter have been reflected in each business segment.
- Sales revenue and profits for the P&S Business have been revised upward, reflecting the impact of tariff refunds and partially higher-than-expected results in the first quarter, as well as incorporating the effects of risk reassessment and price measures.
- Overall risks have been factored into the profits of the Other Business.

(100 Millions of Yen)

Sales revenue				Business segment profit			Operating profit		
	Previous Forecast	FY26 Forecast	Change	Previous Forecast	FY26 Forecast	Change	Previous Forecast	FY26 Forecast	Change
P&S (Printing & Solutions)	5,409	6,069	660	630	730	100	630	730	100
IP (Industrial Printing)	1,670	1,683	14	40	45	5	40	45	5
Machinery	1,010	1,010	0	110	110	0	110	110	0
Nissei	239	242	3	11	15	4	11	15	4
P&H (Personal & Home)	630	648	18	53	71	18	53	71	18
Other	142	148	6	6	-72	-78	6	-72	-78
Total	9,100	9,800	700	850	900	50	850	900	50

* "Other" includes elimination amounts from inter-segment transactions.

Financial Position/ Cash Flows/ Capital Expenditure, Depreciation & Amortization/ R&D Expenses

Statements of Financial Position: Main Items

(100 Millions of Yen)

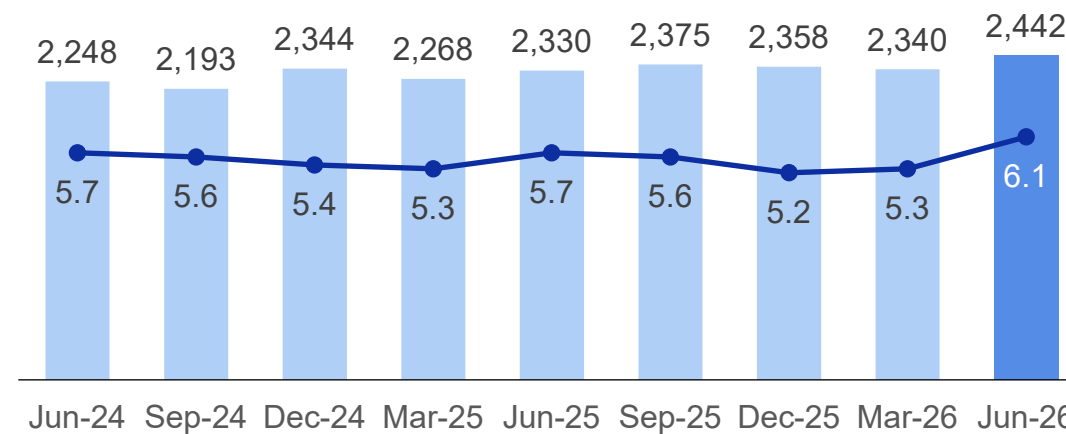
	End of Mar 26	End of Jun 26	Change
Current assets	6,474	6,760	286
Cash&Cash equivalents	1,977	2,348	371
Inventories	2,340	2,442	102
Non-current assets	3,714	3,789	75
Total liabilities	2,515	2,474	-41
Interest-bearing debt	10	8	-2
Shareholders' equity	7,633	8,075	442
Total assets	10,188	10,549	361

	End of Mar 26	End of Jun 26	Change
Net cash	1,967	2,340	373
Shareholders' equity ratio	74.9%	76.5%	1.6%
ROE	9.3%	-	-

Inventory

■ Inventories (100 millions of Yen)

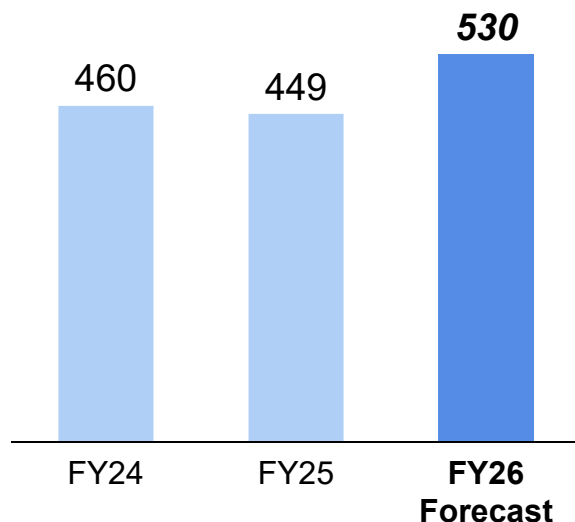
● Inventories / Cash of sales (Number of months)



Capital Expenditure, Depreciation and Amortization/ R&D Expenses

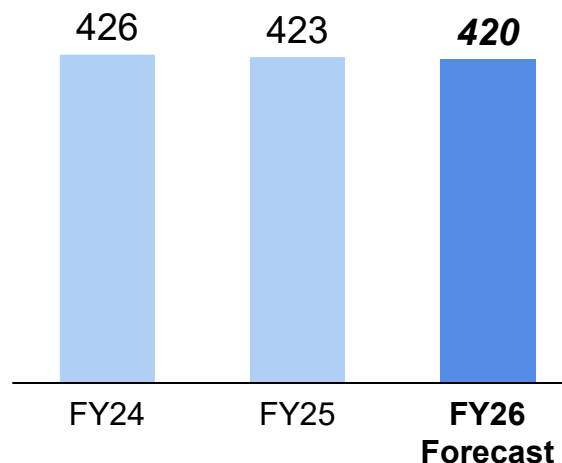
Capital Expenditure

(100 Millions of Yen)



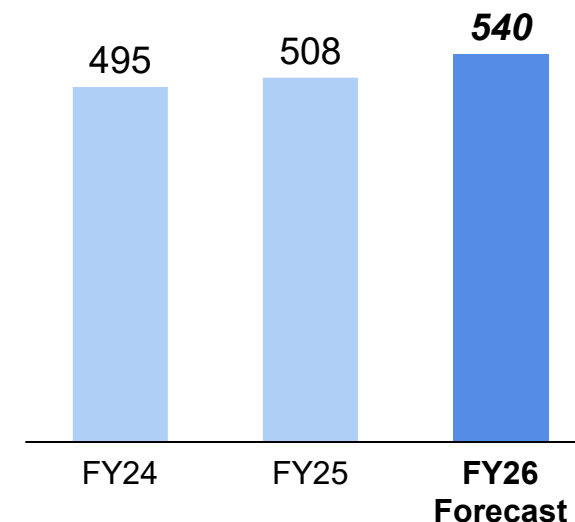
Depreciation & Amortization

(100 Millions of Yen)



R&D Expenses

(100 Millions of Yen)



Breakdown by business (CapEx) (100 Millions of Yen)

	FY24	FY25	FY26 Fct
Industrial area	83	81	145
Consumer area & Others	376	368	385
Total	460	449	530

* The industrial area combines the Machinery, Industrial Printing (Domino for FY24), and Nissei businesses

Breakdown by business (R&D) (100 Millions of Yen)

	FY24	FY25	FY26 Fct
Industrial area	148	179	183
Consumer area & Others	347	330	357
Total	495	508	540

Regarding the results for FY2024 and FY2025, capital expenditures, depreciation, and R&D expenses include those from discontinued operations. For FY2026, capital expenditures, depreciation, and R&D expenses exclude those from discontinued operations.

Business Segment Information

Printing & Solutions

Sales Revenue & Profit

	25Q1	26Q1	Change (w/o FX)	Change (w FX)
Sales revenue	1,323	1,597	8.3%	20.7%
Communications & printing equipment	1,153	1,396	8.6%	21.0%
Americas	446	598	20.2%	34.1%
Europe	353	408	2.0%	15.4%
Asia & others	255	278	-3.1%	8.9%
Japan (incl. OEM)	98	112	10.0%	14.0%
Labeling	170	201	6.6%	18.5%
Americas	78	94	8.4%	20.6%
Europe	50	57	-0.1%	13.0%
Asia & others	29	34	3.5%	17.0%
Japan	12	16	-	31.7%
Business segment profit	152	434	-	185.5%
Operating profit	128	432	-	238.9%

(100 Millions of Yen)

	FY25 Actual	FY26 Prev. Fct.	FY26 Forecast	Change (w/o FX)	Change (w FX)
Sales revenue	5,706	5,409	6,069	2.5%	6.4%
Communications & printing equipment	4,983	4,690	5,297	2.5%	6.3%
Americas	1,923	-	2,129	6.0%	10.7%
Europe	1,621	-	1,655	-1.4%	2.1%
Asia & others	1,002	-	1,074	3.8%	7.3%
Japan (incl. OEM)	438	-	438	-1.2%	0.2%
Labeling	722	719	772	3.0%	6.9%
Americas	323	-	350	3.9%	8.5%
Europe	232	-	243	1.3%	4.9%
Asia & others	115	-	125	4.5%	8.6%
Japan	53	-	54	-	1.7%
Business segment profit	664	630	730	-	9.9%
Operating profit	581	630	730	-	25.7%

Industrial/Consumer

Communications & Printing Equipment, Home & Office labeling **Consumer**

Commercial & Industrial Labeling **Industrial**

Positioning in CS B2027

Communications & Printing Equipment, Home & Office labeling **Core business**

Commercial & Industrial Labeling **Growth business**

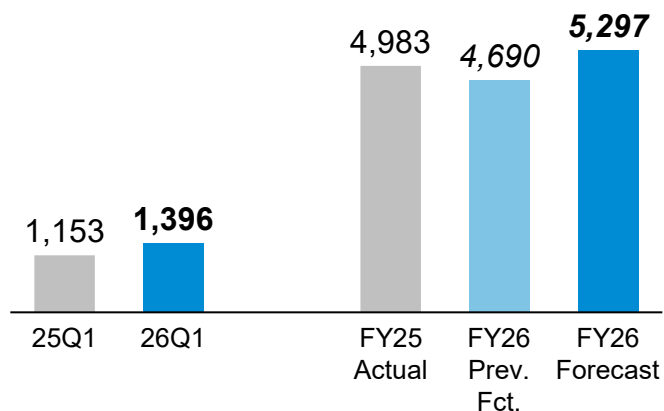
Main Products and Services



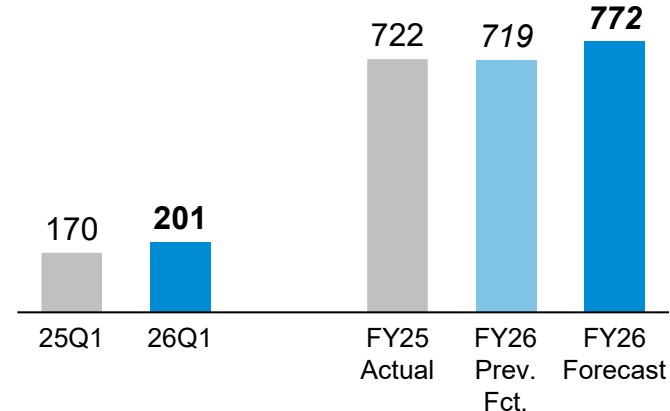
Laser All-in-One Inkjet All-in-One Label printer

Sales Revenue

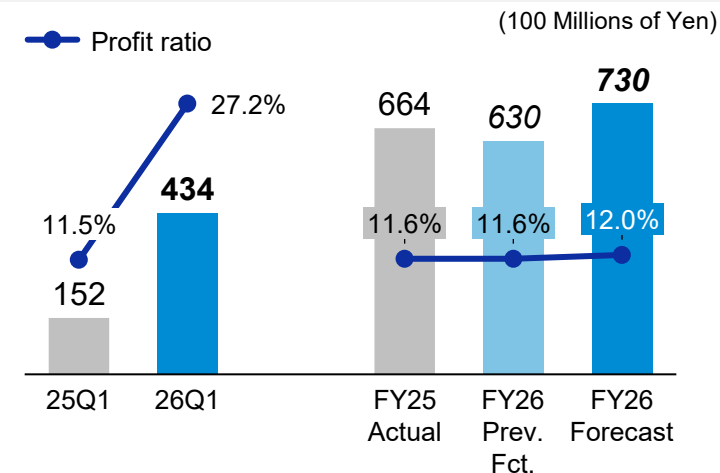
Communications & Printing Equipment



Labeling



Business Segment Profit



Sales Revenue Growth Rate / Consumable Ratio / Growth Rate of Hardware

		24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	FY24	FY25
Sales revenue growth rate (YoY)															
Laser															
JPY	Hardware	-5%	2%	-1%	1%	1%	5%	6%	8%	19%	-	-	-	-1%	5%
	Consumable	11%	14%	14%	-2%	-3%	3%	0%	18%	29%	-	-	-	9%	4%
LC	Hardware	-12%	2%	0%	1%	9%	5%	1%	1%	6%	-	-	-	-2%	4%
	Consumable	0%	12%	12%	-2%	3%	2%	-4%	8%	16%	-	-	-	5%	2%
Inkjet															
JPY	Hardware	18%	12%	17%	14%	4%	13%	13%	3%	4%	-	-	-	15%	8%
	Consumable	-1%	6%	11%	-2%	-4%	9%	5%	21%	25%	-	-	-	3%	8%
LC	Hardware	10%	14%	18%	16%	12%	13%	9%	-3%*	-6%	-	-	-	15%	8%
	Consumable	-9%	4%	10%	-2%	1%	8%	1%	12%	14%	-	-	-	1%	5%
Cosumable ratio		55%	55%	56%	55%	54%	54%	55%	58%	58%	-	-	-	55%	55%
Growth rate of hardware (Units/YoY)															
Laser		-13%	-2%	-6%	1%	5%	5%	1%	-2%	5%	-	-	-	-5%	2%
Inkjet		13%	14%	17%	11%	9%	10%	6%	8%	-4%	-	-	-	14%	8%

*The inkjet main unit sales for Q4 FY2025 (on a local currency basis) reflect adjustments to the IFRS sales deduction amounts at overseas sales subsidiaries made in Q2 and Q3 FY2025.

Industrial Printing Sales Revenue & Profit

	25Q1	26Q1	Change (w/o FX)	Change (w FX)	(100 Millions of Yen)				
					FY25 Actual	FY26 Prev. Fct.	FY26 Forecast	Change (w/o FX)	Change (w FX)
Sales revenue	323	417	18.9%	29.2%	1,393	1,670	1,683	20.1%	20.9%
Domino	288	334	6.2%	16.3%	1,253	1,302	1,316	4.7%	5.0%
Americas	76	91	9.4%	20.1%	341	-	353	5.8%	3.6%
Europe	124	145	3.0%	16.4%	528	-	572	4.3%	8.4%
Asia & others	76	86	7.7%	13.5%	334	-	337	4.0%	1.0%
Japan	12	13	-	9.0%	51	-	54	-	5.1%
Printing & automation	35	82	123.1%	134.8%	140	368	367	158.9%	163.2%
Americas	15	26	67.9%	79.9%	65	-	126	89.4%	94.0%
Europe	9	24	166.4%	180.2%	33	-	108	226.8%	231.4%
Asia & others	8	10	12.0%	26.9%	26	-	35	27.6%	33.0%
Japan	4	22	-	435.5%	16	-	98	-	528.2%
Business segment profit	9	32	-	239.2%	29	40	45	-	55.9%
Operating profit	6	28	-	373.6%	-17	40	45	-	-

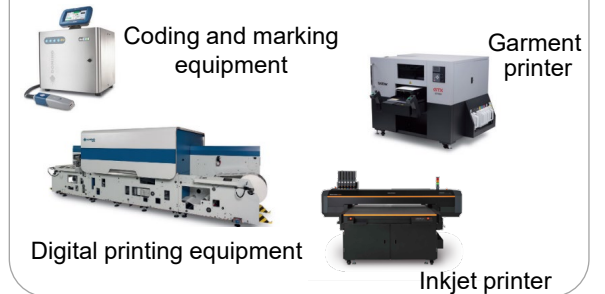
Industrial/Consumer

Industrial

Positioning in CS B2027

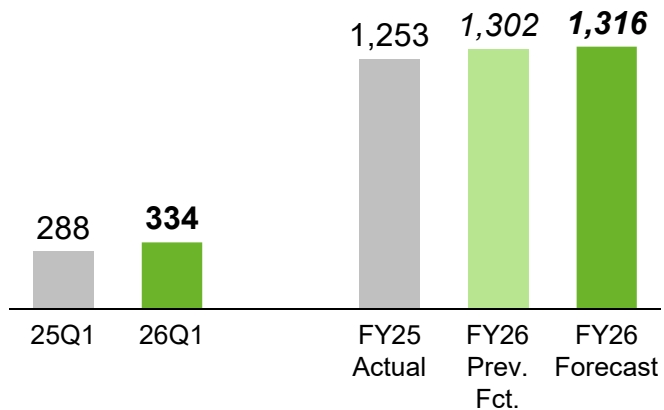
Growth business

Main Products and Services

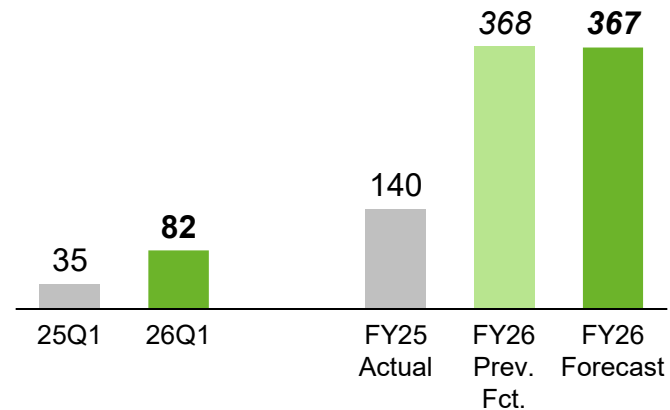


Sales Revenue

Domino



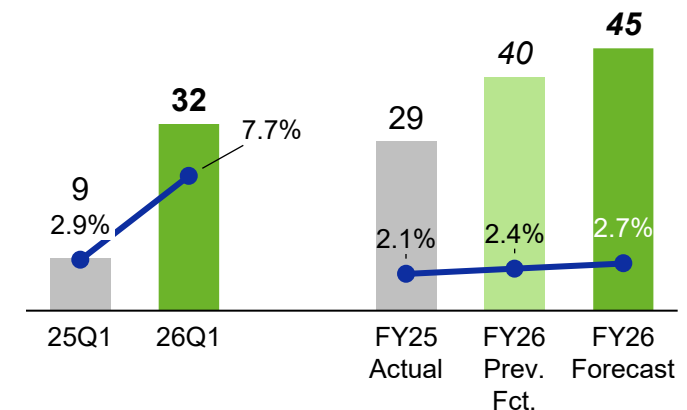
Printing & Automation



Business Segment Profit

Profit ratio

(100 Millions of yen)



Machinery

Sales Revenue & Profit

*The forecasts for Machinery Business are scheduled to be updated in the Q2 financial results announcement.

(100 Millions of Yen)

	25Q1	26Q1	Change (w/o FX)	Change (w FX)	FY25 Actual	FY26 Prev. Fct.	FY26 Forecast*	Change (w/o FX)*	Change (w FX)*
Sales revenue	181	274	40.5%	51.6%	830	1,010	1,010	18.5%	21.7%
Machine tools	133	219	54.9%	65.3%	643	800	800	21.7%	24.4%
Americas	11	8	-28.5%	-28.5%	39	-	-	-	-
Europe	6	15	141.5%	141.5%	31	-	-	-	-
Asia & others	92	175	74.2%	89.2%	466	-	-	-	-
Japan	23	21	-	-6.1%	106	-	-	-	-
Industrial sewing machines	48	55	1.1%	14.1%	187	210	210	7.6%	12.5%
Americas	4	4	-8.9%	1.4%	14	-	-	-	-
Europe	6	9	28.0%	44.8%	24	-	-	-	-
Asia & others	37	41	-2.7%	10.3%	144	-	-	-	-
Japan	1	1	-	16.1%	4	-	-	-	-
Business segment profit	13	44	-	241.1%	67	110	110	-	64.1%
Operating profit	14	46	-	232.5%	67	110	110	-	65.1%

Industrial/Consumer

Industrial

Positioning in CS B2027

Machine tool **Growth business**

Industrial Sewing Machines **Profitability transformation business**

Main Products and Services



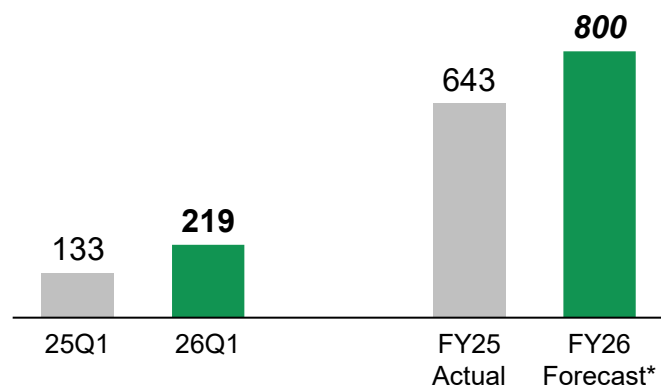
Machine tool



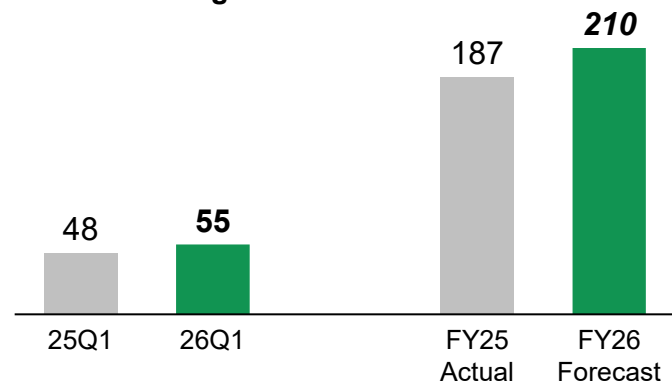
Industrial Sewing Machines

Sales Revenue

Machine Tools

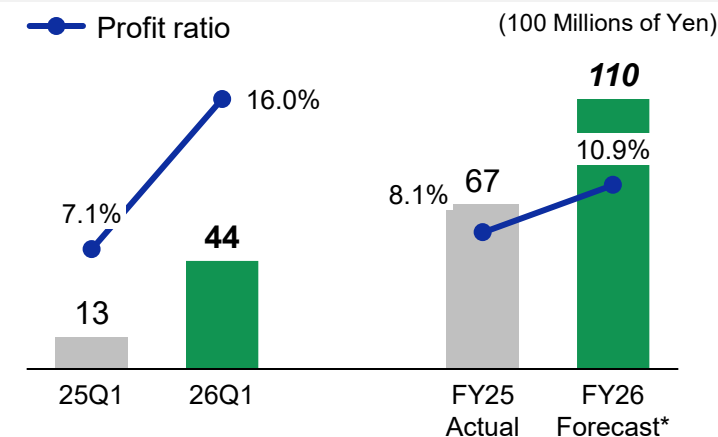


Industrial Sewing Machines

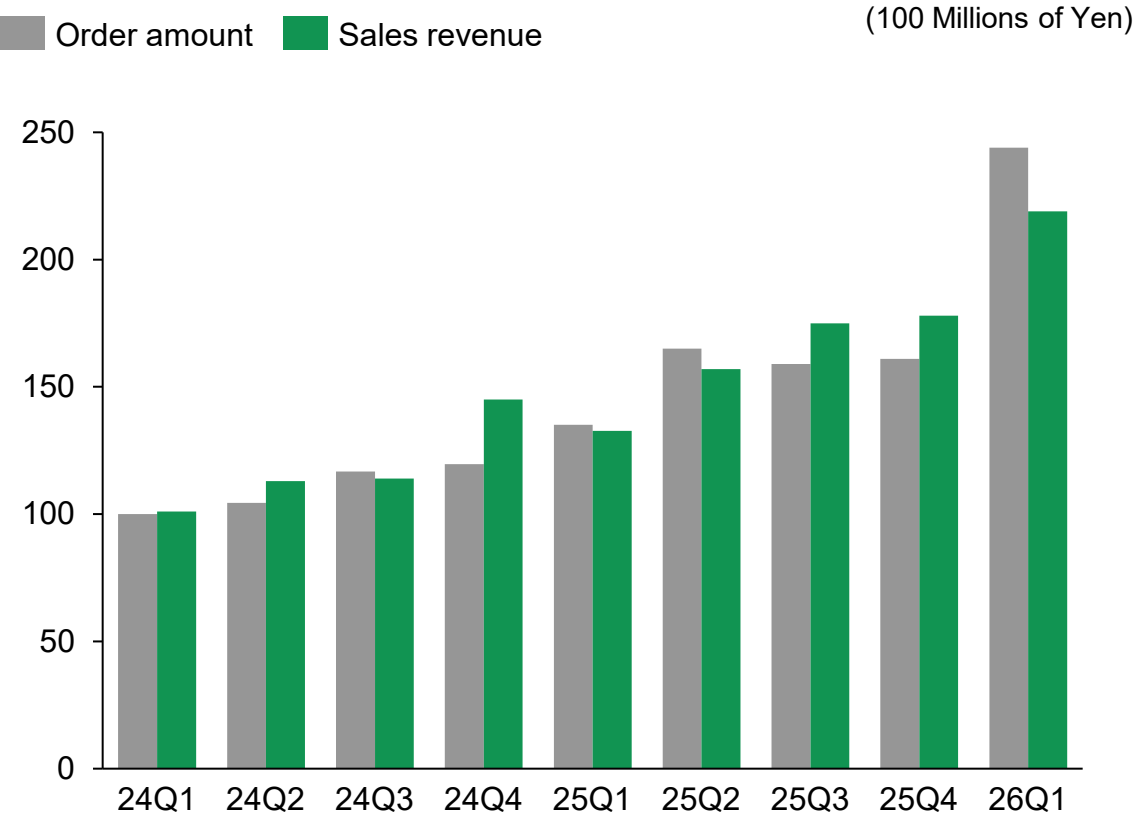


Business Segment Profit

Profit ratio

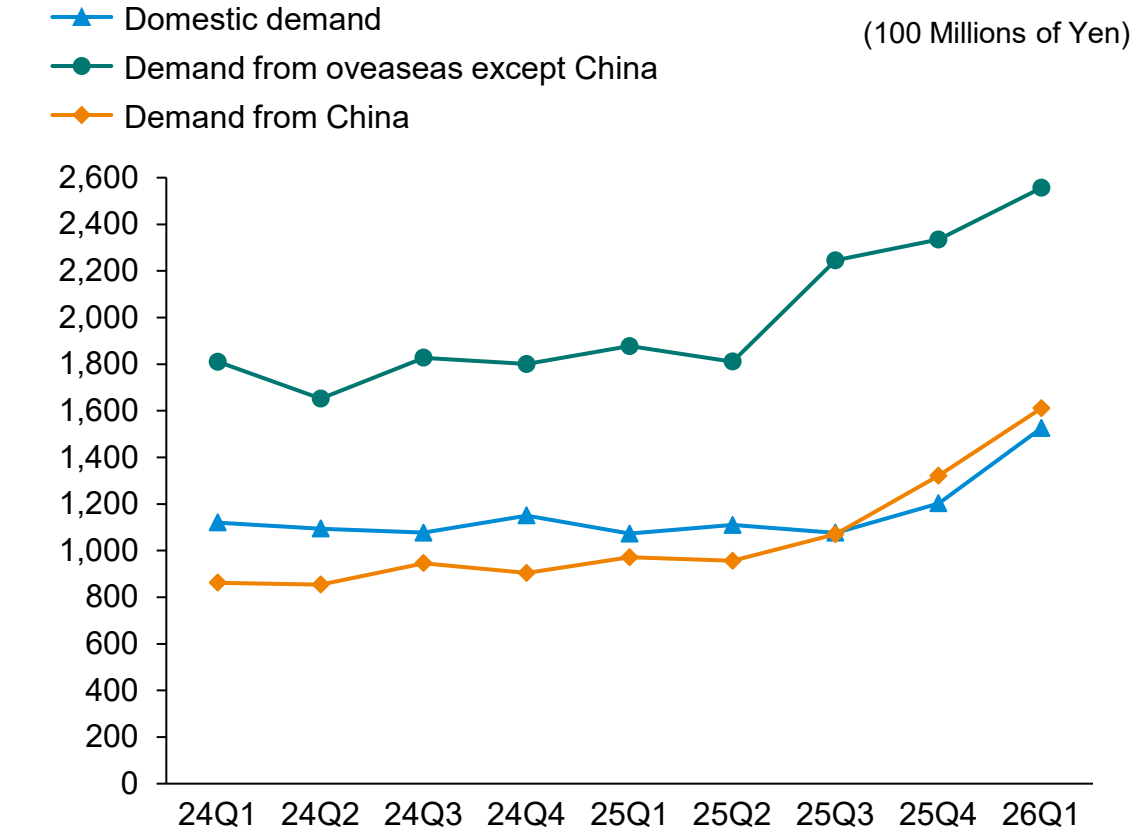


Trends in order amount and sales revenue



* Total amount of domestic and overseas orders for hardware products
Overseas orders are converted into yen using the exchange rate for each quarter

(Reference) Machine tool statistics of the Japan Machine Tool Builders' Association



* Source: Major machine tool statistics of the Japan Machine Tool Builders' Association

Nissei

Sales Revenue & Profit

					(100 Millions of Yen)				
	25Q1	26Q1	Change (w/o FX)	Change (w FX)	FY25 Actual	FY26 Prev. Fct.	FY26 Forecast	Change (w/o FX)	Change (w FX)
Sales revenue	50	63	21.3%	25.6%	214	239	242	11.8%	13.0%
Americas	9	12	21.4%	34.7%	38	-	43	7.8%	12.6%
Europe	-	-	-	-	-	-	-	-	-
Asia & others	7	10	35.1%	49.6%	27	-	32	13.9%	16.3%
Japan	35	41	-	18.7%	149	-	167	-	12.4%
Business segment profit	2	9	-	386.7%	10	11	15	-	57.2%
Operating profit	2	9	-	296.1%	10	11	15	-	48.7%

Industrial/Consumer

Industrial

Positioning in CS B2027

Profit-driven business

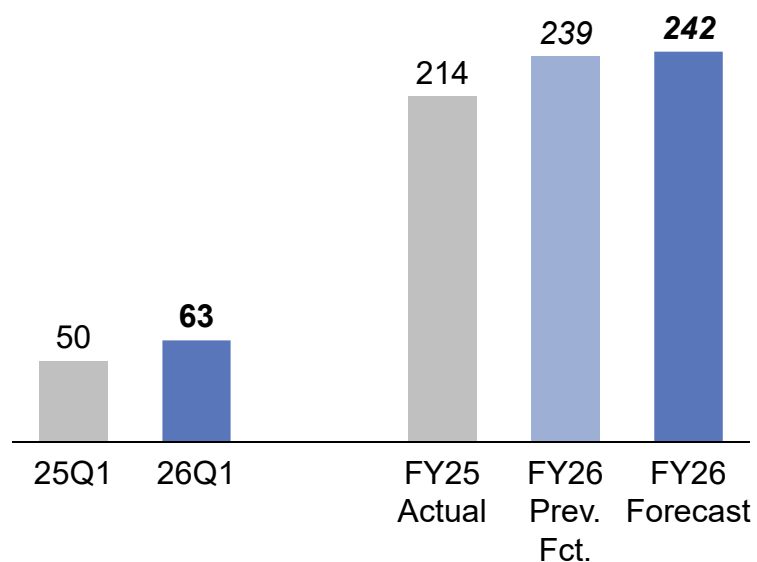
Main Products and Services



Gearmotor High stiffness reducer Gear

Sales Revenue

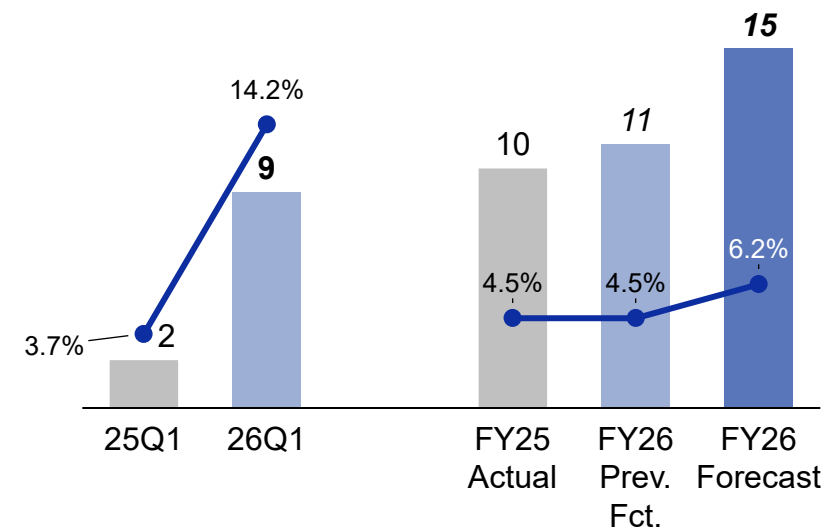
(100 Millions of Yen)



Business Segment Profit

(100 Millions of Yen)

Profit ratio



Personal & Home Sales Revenue & Profit

					(100 Millions of Yen)				
	25Q1	26Q1	Change (w/o FX)	Change (w FX)	FY25 Actual	FY26 Prev. Fct.	FY26 Forecast	Change (w/o FX)	Change (w FX)
Sales revenue	133	144	-3.0%	8.3%	610	630	648	2.6%	6.2%
Americas	78	80	-9.0%	2.0%	351	-	371	1.7%	5.6%
Europe	32	35	-4.6%	8.0%	155	-	168	5.3%	8.8%
Asia & others	16	19	4.9%	19.0%	69	-	71	-2.5%	1.9%
Japan	6	10	-	60.9%	34	-	38	-	9.6%
Business segment profit	9	27	-	203.7%	66	53	71	-	7.9%
Operating profit	6	27	-	339.4%	60	53	71	-	18.7%

Industrial/Consumer

Consumer

Positioning in CS B2027

Profit-driven business

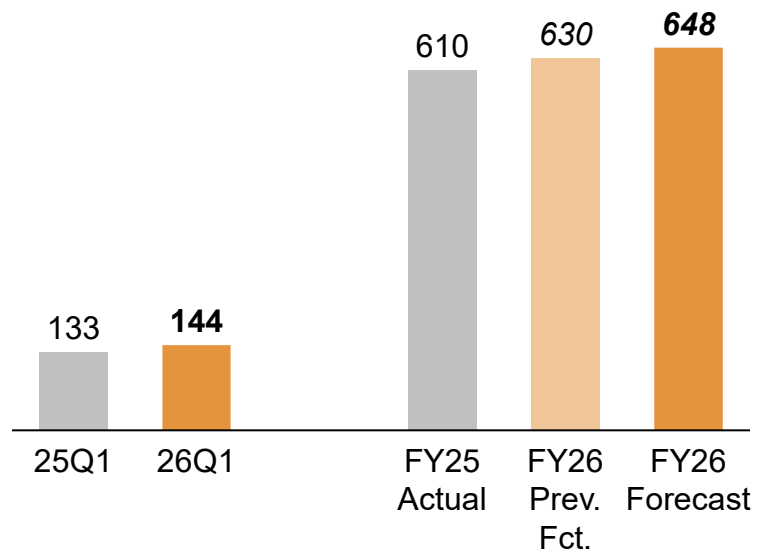
Main Products and Services



©Disney Home sewing machine Home cutting machine

Sales Revenue

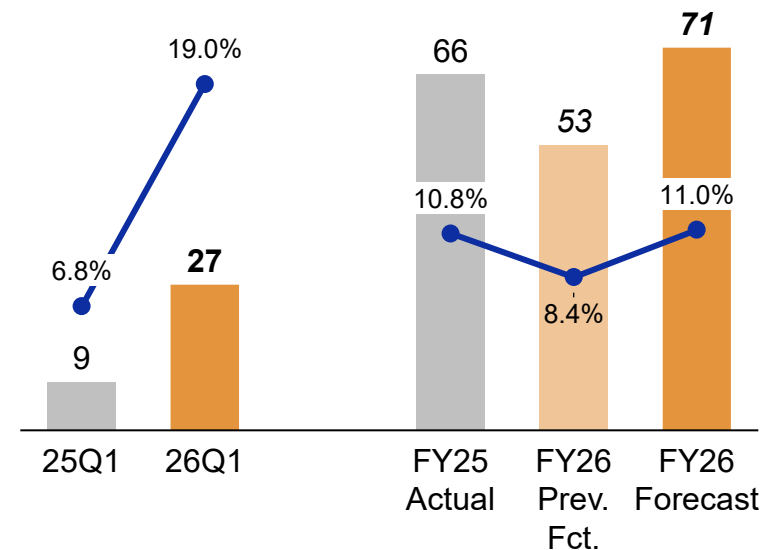
(100 Millions of Yen)



Business Segment Profit

(100 Millions of Yen)

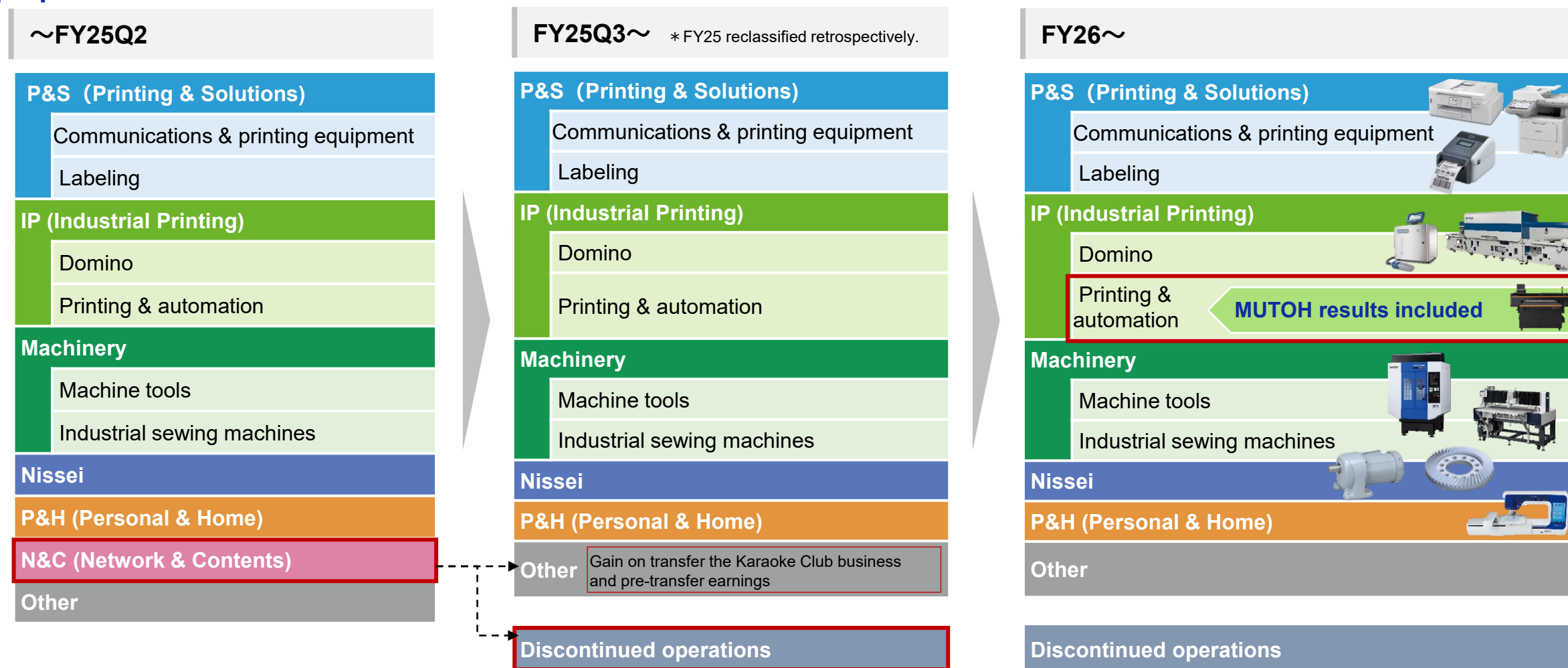
Profit ratio



Reference

Reference: Changes in Disclosed Segments

As of the third quarter of FY2025, the N&C (Network & Contents) business has been classified as discontinued operations. From FY2026, results from MUTOH will be included in the Printing & Automation segment of the IP Business for disclosure purposes.



*Sub-businesses within P&S, IP and Machinery businesses disclose sales revenue only.

Reference: Brother Group's business areas

Business areas

Business areas	
Business Name	Sub-segments
Industrial area	Machinery
	Industrial Equipment
	Industrial Sewing Machines
	Nissei
	IP (Industrial Printing)
Consumer area	Domino
	Printing & Automation
	Commercial & Industrial Labeling
	P&S (Printing & Solutions)
	Home & Office Labeling
New businesses	Communications & Printing Equipment
	P&H (Personal & Home)

Product / Service portfolio

Industrial area	
Machine tool	Industrial sewing machine
Coding & marking equipment	Digital printing equipment
Commercial & industrial use label printer	Mobile printer (P&S Commercial & Industrial Labeling)
	Gearmotor
	Gear
	Inkjet printer (Printing &Automation)
	Garment printer (Printing &Automation)
Consumer area	
Labeling system	Printer/All-in-One (P&S Communications & Printing Equipment)
	Home sewing machine
New businesses	
Spot coolers	Fuel cell

brother
at your side